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**Corporate Services**

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July 22, 2005

**VIA ELECTRONIC FILING AND FIRST CLASS MAIL**

Mary L. Cottrell, Secretary  
Department of Telecommunications and Energy  
One South Station  
Boston, MA 02110

Re: Bay State's Information Requests of the Division of Energy Resources, D.T.E.  
05-27

Dear Ms. Cottrell:

Enclosed please find an original and six (6) copies of Bay State Gas Company's First Set of Information Requests propounded upon the Division of Energy Resources in this proceeding.

Thank you for your attention to this matter. Kindly date stamp a copy of this filing letter, included for this purpose, and return it to me in the envelope provided.

Very truly yours,

Patricia M. French

cc: Caroline O'Brien Bulger, Esq., Hearing Officer, DTE  
A. John Sullivan, DTE  
Robert Sydney, General Counsel, DOER  
Service List

**COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

**BAY STATE GAS COMPANY**

**D.T.E. 05-27**

**BAY STATE GAS COMPANY'S  
FIRST SET OF DATA REQUESTS  
PROPOUNDED ON  
THE DIVISION OF ENERGY RESOURCES**

Pursuant to the procedural schedule established for this proceeding, Bay State Gas Company ("Bay State") hereby submits the following information requests relative to the Testimony of Alvaro E. Pereira, filed on behalf of the Division of Energy Resources for the Commonwealth of Massachusetts.

**INSTRUCTIONS**

The following instructions apply to this set of requests and all subsequent requests issued by Bay State during the proceeding.

1. Each request should be answered in writing on a separate, three-hole punched page with a recitation of the request, a reference to the request number, the docket number of the case and the name of the person responsible for the answer.

2. These requests shall be deemed continuing so as to require further supplemental responses if the DOER receives or generates additional information within the scope of these requests between the time of the original response and the close of the record in this proceeding.

3. The term "provide complete and detailed documentation" means:

Provide all data, assumptions and calculations relied upon. Provide the source of and basis for all data and assumptions employed. Include all studies, reports and planning documents from which data, estimates or assumptions were drawn and support for how the data or assumptions were used in developing the projections or estimates. Provide and explain all supporting work-papers.

4. The term "document" is used in its broadest sense and includes, without limitation, writings, drawings, graphs, charts, photographs, microfilm, microfiche, computer printouts, correspondence, handwritten notes, records or reports, bills, checks, articles from journals or other sources and other data compilations from which information can be obtained and all copies of such documents that bear notations or other markings that differentiate such copies from the original.

5. If any one of these requests is ambiguous, notify Bay State so that the request may be clarified prior to the preparation of a written response.

### REQUESTS

- BSG-DOER-1-1 Please refer to the Pereira Testimony at p. 5, lines 18-19. Please replicate the passages (complete sentences, without elipses) in Dr. Kaufmann's response to DTE-4-2, where he states that "focusing on O&M costs provides a 'complete evaluation of utility managers' cost performance." Do the referenced sections of Mr. Pereira's testimony provide an accurate restatement of Dr. Kaufmann's response? Please explain.
- BSG-DOER-1-2 Refer to Mr. Pereira's testimony, page 9 lines 18-26 regarding Mr. Pereira's recommended earnings sharing mechanism (ESM).
- a. Please explain precisely how the recommended ESM "returns any initial productivity gains going forward back to consumers" (lines 22-23). Please provide a hypothetical example of how such "initial productivity gains" will be shared with customers.
  - b. Please provide examples of other energy utilities that operate under an ESM similar in form to the mechanism described in the response to a).
  - c. Explain how the recommended ESM is consistent with having a "bandwidth" of 200 basis points around allowed ROE.
- BSG-DOER-1-3 Provide a statement of DOER's purpose and the constituency for whom DOER advocates.